

**CHAPTER 1140****INTERNAL REVENUE CODE REFERENCES  
AND INCOME TAX PROVISIONS***H.F. 2461*

**AN ACT** updating the Code references to the Internal Revenue Code and including retroactive applicability and effective date provisions.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 15.335, subsection 4, unnumbered paragraph 2, Code Supplement 2005, is amended to read as follows:

For purposes of this section, "Internal Revenue Code" means the Internal Revenue Code in effect on January 31 ~~1, 2005~~ 2006.

Sec. 2. Section 15A.9, subsection 8, paragraph e, unnumbered paragraph 2, Code Supplement 2005, is amended to read as follows:

For purposes of this subsection, "Internal Revenue Code" means the Internal Revenue Code in effect on January 31 ~~1, 2005~~ 2006.

Sec. 3. Section 422.3, subsection 5, Code Supplement 2005, is amended to read as follows:

5. "Internal Revenue Code" means the Internal Revenue Code of 1954, prior to the date of its redesignation as the Internal Revenue Code of 1986 by the Tax Reform Act of 1986, or means the Internal Revenue Code of 1986 as amended to and including January 31 ~~1, 2005~~ 2006.

Sec. 4. Section 422.7, Code Supplement 2005, is amended by adding the following new subsection:

**NEW SUBSECTION.** 45. Subtract, to the extent not otherwise deducted, the amount of two thousand dollars for the cost of a clean fuel motor vehicle if the taxpayer was eligible for the alternative motor vehicle credit under section 30B of the Internal Revenue Code for such motor vehicle.

Sec. 5. Section 422.10, subsection 3, unnumbered paragraph 2, Code Supplement 2005, is amended to read as follows:

For purposes of this section, "Internal Revenue Code" means the Internal Revenue Code in effect on January 31 ~~1, 2005~~ 2006.

Sec. 6. Section 422.32, subsection 7, Code Supplement 2005, is amended to read as follows:

7. "Internal Revenue Code" means the Internal Revenue Code of 1954, prior to the date of its redesignation as the Internal Revenue Code of 1986 by the Tax Reform Act of 1986, or means the Internal Revenue Code of 1986 as amended to and including January 31 ~~1, 2005~~ 2006.

Sec. 7. Section 422.33, subsection 5, paragraph d, unnumbered paragraph 2, Code Supplement 2005, is amended to read as follows:

For purposes of this subsection, "Internal Revenue Code" means the Internal Revenue Code in effect on January 31 ~~1, 2005~~ 2006.

Sec. 8. Section 504B.5, Code 2005, is amended to read as follows:

504B.5 INTERNAL REVENUE CODE UPDATED.

All references to sections of the Internal Revenue Code shall mean the Code as amended to and including January 1, 1971 defined in section 422.3.

Sec. 9. Section 633.266, Code 2005, is amended to read as follows:  
633.266 ADJUSTED GROSS ESTATE.

Unless otherwise defined, "adjusted gross estate" in a will means the entire value of the gross estate as determined under the federal estate tax less the aggregate amount of the deductions allowed by sections 2053 and 2054 of the Internal Revenue Code as amended to and including January 1, 1982 defined in section 422.3.

Sec. 10. RETROACTIVE APPLICABILITY. This Act applies retroactively to January 1, 2005, for tax years beginning on or after that date.

Sec. 11. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

Approved May 30, 2006

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## CHAPTER 1141

### URBAN RENEWAL — TARGETED JOBS WITHHOLDING TAX CREDIT

*H.F. 2731*

**AN ACT** relating to a targeted jobs withholding tax credit to be used for funding improvements in certain urban renewal areas.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. NEW SECTION. 403.19A WITHHOLDING AGREEMENT — TAX CREDIT.

1. For purposes of this section, unless the context otherwise requires:

a. "Business" means any professional services, or industrial enterprise, including medical treatment facilities, manufacturing facilities, corporate headquarters, and research facilities. "Business" does not include a retail operation or a business which closes or substantially reduces its operation in one area of this state and relocates substantially the same operation to another area of this state.

b. "Employee" means the individual employed in a targeted job that is subject to a withholding agreement.

c. "Employer" means a business creating targeted jobs in an urban renewal area of a pilot project city pursuant to a withholding agreement.

d. "Pilot project city" means a city that has applied and been approved as a pilot project city pursuant to subsection 2.

e. "Qualifying investment" means a capital investment in real property including the purchase price of land and existing buildings, site preparation, building construction, and long-term lease costs. "Qualifying investment" also means a capital investment in depreciable assets.

f. "Targeted job" means a job in a business which is or will be located in an urban renewal area of a pilot project city that pays a wage at least equal to the countywide average wage. "Targeted job" includes new jobs from Iowa business expansions or retentions within the city limits of the pilot project city and those jobs resulting from established out-of-state businesses, as defined by the department of economic development, moving to or expanding in Iowa.

g. "Withholding agreement" means the agreement between a pilot project city and an employer concerning the targeted jobs withholding credit authorized in subsection 3.